

TRANSFORMING FLEXIBLE INNOVATIVE



“ I think what we are seeing in government today is the ‘new normal.’ Every government, ours included, will be forced to transform how it sets priorities and makes choices. The time is right to go on a rigorous diet that consumes less and exerts more energy. ”

- Governor Bill Haslam

FY10-11 and FY11-12 Budget by Funding Source

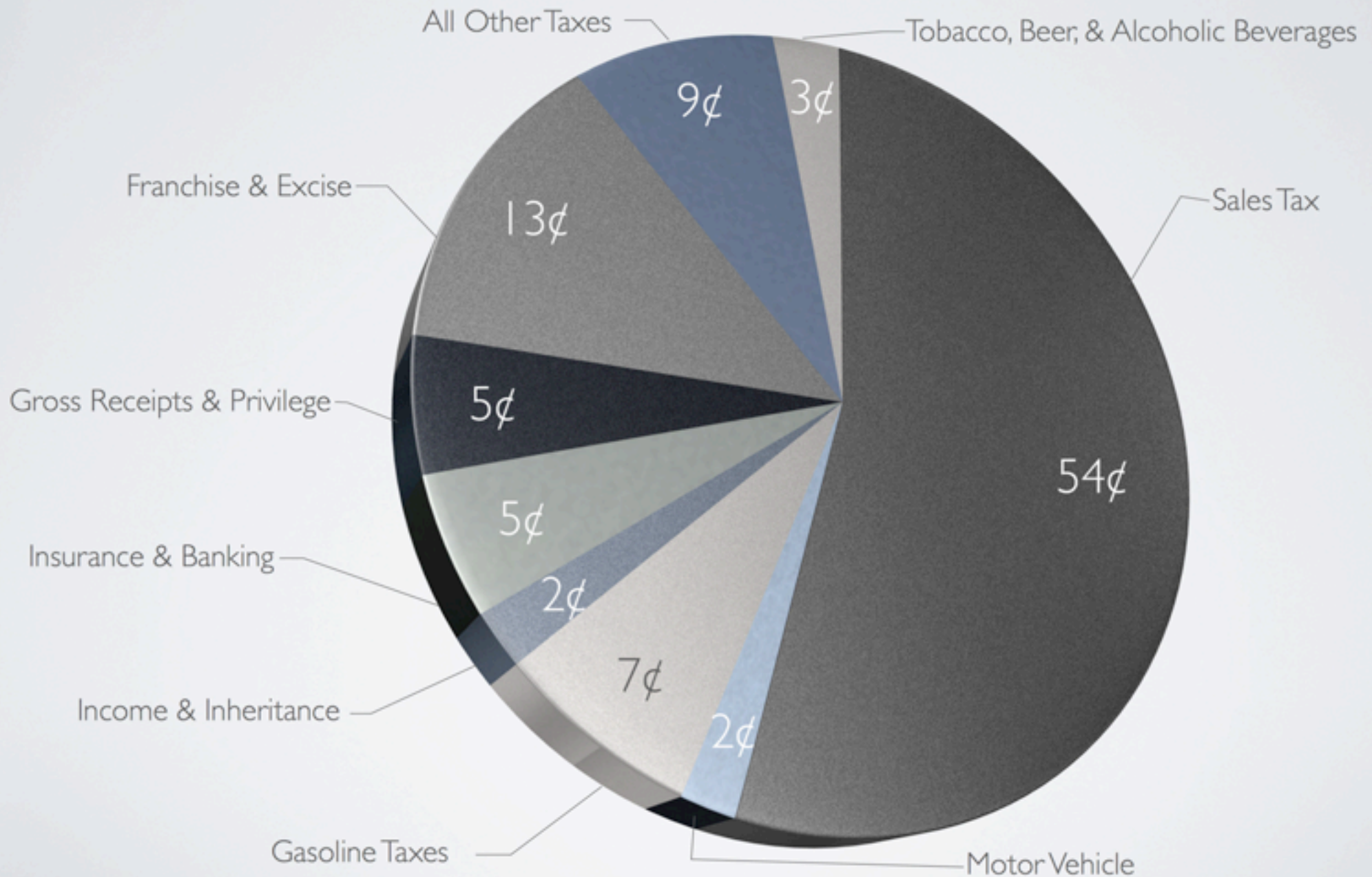
<u>Funding Source</u>	<u>Estimated FY10-11</u>	<u>Recommended FY11-12</u>	<u>Percent Change</u>
State	\$12,918,031,700	\$13,376,499,400	3.5%
Federal	13,929,975,600	11,889,162,500	(14.7)%
Other	3,506,903,600	3,317,311,600	(5.4)%
Tuition and Fees	1,344,431,800	1,344,431,800	0%
Bonds	<u>300,500,000</u>	<u>273,000,000</u>	<u>(9.2)%</u>
Total	<u><u>\$31,999,842,700</u></u>	<u><u>\$30,200,405,300</u></u>	<u><u>(5.6)%</u></u>

FY10-11 and FY11-12 Budget by Fund

(State, Federal, and Other Sources)

Fund	Estimated FY10-11	Recommended FY11-12	Percent Change
General Fund	\$28,357,770,300	\$26,761,974,000	(5.6)%
Transportation	1,804,482,000	1,816,595,000	0.7%
Debt Service	393,523,000	405,214,000	3.0%
Capital Outlay	448,252,500	198,047,500	(55.8)%
Facilities Revolving	163,614,900	160,174,800	(2.1)%
Cities & Counties	<u>832,200,000</u>	<u>858,400,000</u>	<u>3.1%</u>
Total	<u><u>\$31,999,842,700</u></u>	<u><u>\$30,200,405,300</u></u>	<u><u>(5.6)%</u></u>

Where Your State Tax Dollar Comes From



State Tax Collections

Source	Actual FY09-10	Estimated FY10-11	Estimated FY11-12	Change From Estimated FY10-11
Sales Tax	\$6,158,131,500	\$6,406,800,000	\$6,632,700,000	3.53%
Franchise & Excise Tax	1,400,274,300	1,491,400,000	1,543,700,000	3.51%
Gas Taxes	823,327,200	841,400,000	852,500,000	1.31%
Motor Vehicle Registration	236,810,400	243,200,000	246,000,000	1.15%
Privilege Taxes	224,252,100	230,000,000	245,300,000	6.65%
Gross Receipts	352,688,300	354,000,000	364,700,000	3.02%
Other Dept. of Revenue Taxes	<u>828,025,000</u>	<u>857,600,000</u>	<u>887,600,000</u>	<u>3.49%</u>
Sub-total	<u>\$10,023,508,800</u>	<u>\$10,424,400,000</u>	<u>\$10,772,500,000</u>	<u>3.34%</u>
Other Revenues	<u>1,050,906,600</u>	<u>1,477,500,000</u>	<u>1,592,700,000</u>	<u>7.80%</u>
Total	<u><u>\$11,074,415,400</u></u>	<u><u>\$11,901,900,000</u></u>	<u><u>\$12,365,200,000</u></u>	<u><u>3.89%</u></u>

Budget Balancing Plan FY 11-12

Increase/(Decrease) in Millions

	<u>2010-2011</u>	<u>2011-2012</u>
I. General Fund Revenue:		
General Fund Revenue Growth from July 1, 2010	\$ 179	\$ 475
Other Available Funds	159	-
Total Revenue and Other Available Funds	\$ 338	\$ 475
Reserved for Non-Recurring Appropriations	(189)	-
Less: Recurring Imbalance 2010-2011	(205)	(205)
Total Available Funds - Surplus / (Deficit)	\$ (56)	\$ 270
II. Appropriations - Program Growth	149	404
III. Total Preliminary Balance - Surplus / (Deficit)	(205)	(134)
IV. Less: Base Reductions	-	134
Total Recurring Budget - Surplus / (Deficit)	\$ (205)	\$ -

FY 2011-2012 Budget Reduction Plan

State Appropriations

TennCare	\$39,910,100
Higher Education	20,235,400
Correction	7,833,700
Education (Pre-K-12)	3,397,300
Children's Services	2,357,900
Health	1,994,100
Intellectual and Developmental Disabilities	1,878,900
Mental Health	1,515,200
Revenue	1,111,500
Other Agencies	53,531,400
	<hr/>
Total Recurring Reductions	<u><u>\$133,765,500</u></u>

Non-Recurring Appropriations for Core Services

Fiscal Year 2011-2012 Base Recommended

Education (K-12)	\$ 63,591,400
Higher Education	10,366,600
Children's Services	15,598,500
Health	13,593,000
Mental Health	10,567,600
Human Services	9,019,800
Intellectual and Developmental Disabilities	7,181,500
Miscellaneous Appropriations - Includes 401(k) Match	9,697,000
Environment and Conservation	8,831,100
Other Programs	11,553,500
Total	<u><u>\$ 160,000,000</u></u>

3-Year Recurring Base Reduction and Non-Recurring Delay

Fiscal Years 2008-2009 Through 2010-2011

(Millions)

	Recurring Base Reductions				FY11 Non-Recurring Delay	Net Reduction
	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>Total</u>		
Education (K-12)	\$ (9.4)	\$ (68.9)	\$ (45.0)	\$ (123.3)	\$ 70.7	\$ (52.6)
Higher Education	(56.0)	(181.7)	(69.8)	(307.5)	278.6	(28.9)
TennCare	(87.7)	(255.6)	(200.5)	(543.8)	348.3	(195.5)
Human Services	(5.8)	(11.8)	(5.4)	(23.0)	9.1	(13.9)
Mental Health	(4.0)	(22.8)	(6.2)	(33.0)	10.0	(23.0)
Correction	(17.3)	(64.3)	(6.4)	(88.0)	30.4	(57.6)
Other Programs	(98.5)	(148.8)	(88.2)	(335.5)	67.8	(267.7)
Total	<u>\$ (278.7)</u>	<u>\$ (753.9)</u>	<u>\$ (421.5)</u>	<u>\$ (1,454.1)</u>	<u>\$ 814.9</u>	<u>\$ (639.2)</u>

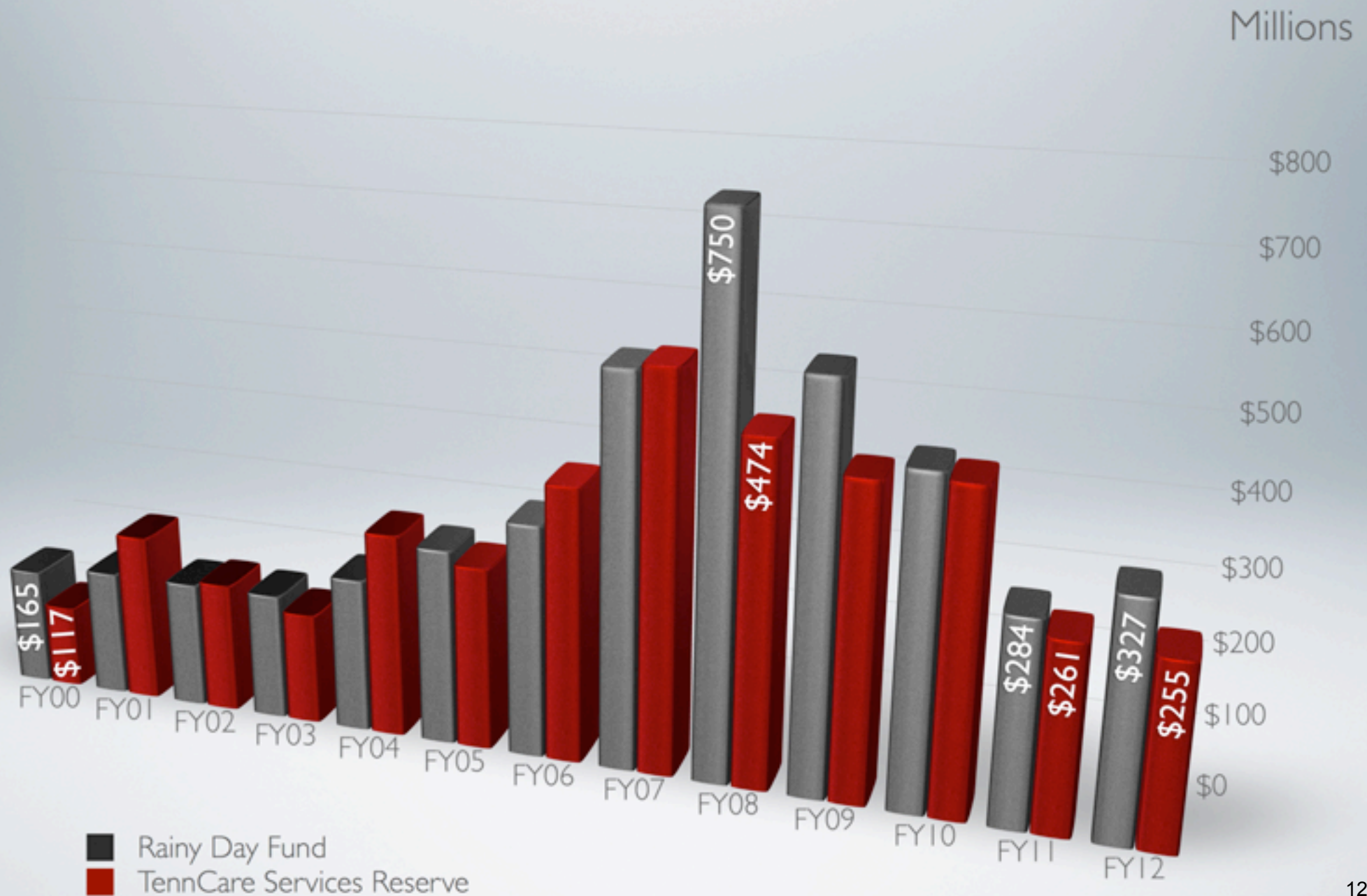
4-Year Recurring Base Reduction

Fiscal Years 2008-2009 Through 2011-2012

(Millions)

	FY08	FY09	Recurring Base Reductions							Pct. of	Pct. of
	Recurring Appropriation	Discretionary Base	FY12						FY08 Approp.	FY09 Discretionary	
			FY09	FY10	FY11	Red.	Adj.	Total			
Education (K-12)	\$ 3,795.5	\$ 281.2	\$ (9.4)	\$ (68.9)	\$ (45.0)	\$ (3.4)	\$ -	\$ (126.7)	(3.3%)	(45.1%)	
Higher Education	1,598.7	1,346.3	(56.0)	(181.7)	(69.8)	(13.4)	-	(320.9)	(20.1%)	(23.8%)	
TennCare	2,686.9	2,686.4	(87.7)	(255.6)	(200.5)	(40.0)	24.9	(558.9)	(20.8%)	(20.8%)	
Human Services	183.4	179.1	(5.8)	(11.8)	(5.4)	(1.3)	-	(24.3)	(13.2%)	(13.6%)	
Mental Health	180.0	171.6	(4.0)	(22.8)	(6.2)	17.1	-	(15.9)	(8.9%)	(9.4%)	
Correction	665.2	665.1	(17.3)	(64.3)	(6.4)	(9.3)	30.9	(66.4)	(10.0%)	(10.0%)	
Other Programs	2,103.7	1,519.9	(98.5)	(148.8)	(88.2)	(56.0)	-	(391.5)	(18.6%)	(25.8%)	
Total Reductions	\$ 11,213.4	\$ 6,849.6	\$ (278.7)	\$ (753.9)	\$ (421.5)	\$ (106.3)	\$ 55.8	\$ (1,504.6)	(13.4%)	(22.0%)	

TENNESSEE RESERVES

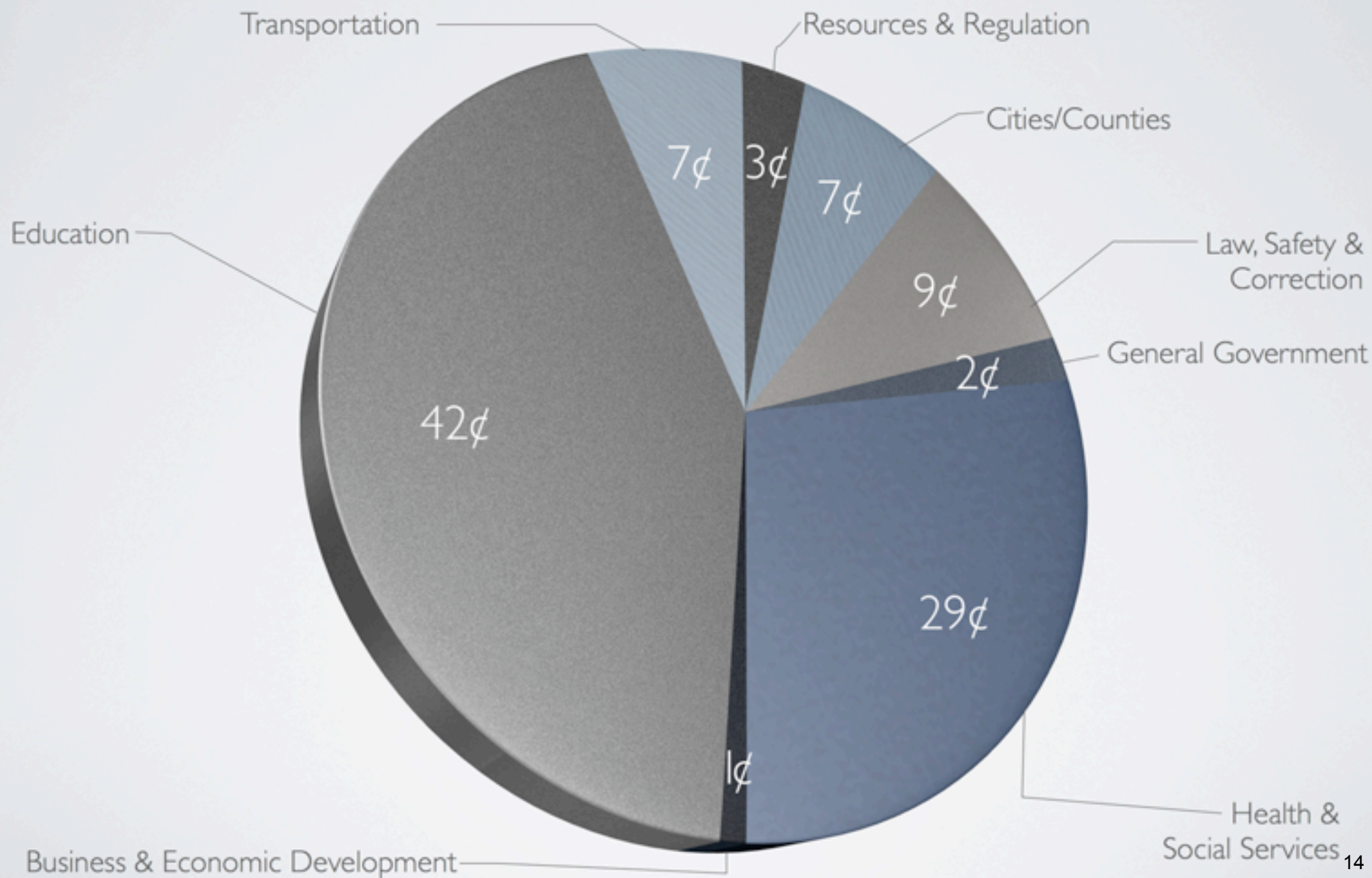


Total FY 11-12 General Fund Budget

(Including State, Federal, and Other Sources)

TennCare	\$8,693,598,700
Education (Pre-K-12)	5,192,612,200
Higher Education	3,629,490,800
Human Services	2,910,373,500
Intellectual and Developmental Disabilities	773,150,500
Correction	702,190,200
Children's Services	651,511,100
Health	572,930,700
Commissions	343,960,600
Environment and Conservation	341,783,200
Mental Health	295,098,400
Other	<u>2,655,274,100</u>
Total General Fund	<u><u>\$26,761,974,000</u></u>

Where Your State Tax Dollar Goes



State Appropriations by Functional Area

	Estimated FY10-11	Recommended FY11-12	Percent Change
General Government	\$ 387,314,600	\$ 399,955,200	3.3%
Education	5,299,059,700	5,501,669,700	3.8%
Health & Social Services	3,148,512,700	3,741,811,500	18.8%
Law, Safety, & Correction	1,245,391,300	1,193,709,700	(4.1)%
Resources & Regulation	376,679,800	377,187,400	0.1%
Business & Economic Dev.	<u>227,085,800</u>	<u>127,687,100</u>	<u>(43.8)%</u>
Total General Fund	<u>\$10,684,043,900</u>	<u>\$11,342,020,600</u>	<u>6.2%</u>
Transportation	703,500,000	712,800,000	1.3%
Debt Service Requirements	393,523,000	405,214,000	3.0%
Capital Outlay Program	291,700,000	45,000,000	(84.6)%
Facilities Revolving Fund	13,064,800	13,064,800	-
Cities and Counties - State Shared Taxes	<u>832,200,000</u>	<u>858,400,000</u>	<u>3.1%</u>
Grand Total	<u><u>\$12,918,031,700</u></u>	<u><u>\$13,376,499,400</u></u>	<u><u>3.5%</u></u>

FY 2010-2011 and 2011-2012

Mandatory Recurring Appropriation Increases

General Fund

	<u>2010-2011</u>	<u>2011-2012</u>
Education (Pre-K-12)	\$ 46,614,000	\$ 63,400,000
TennCare	11,400,000	132,206,600
Cover Tennessee Health Care	13,100,000	8,284,300
Employee Salaries and Benefits	94,659,900	111,612,900
Public Safety - Corrections, Courts, Police and Firefighters	40,890,200	52,554,800
Other Programs	3,600,000	2,989,600
Debt Service on New Bond Authorizations	<u>13,200,000</u>	<u>23,100,000</u>
Total - Mandatory Items	<u>\$ 223,464,100</u>	<u>\$ 394,148,200</u>

Program Cost Increases by Functional Area

State Appropriations

General Government	\$ 49,974,900
Education	163,500,000
Health and Social Services	143,362,800
Law, Safety, and Correction	62,274,900
Resources and Regulation	8,914,800
Transportation, Business, and Economic Development	<u>32,908,200</u>
Total	<u>\$ 460,935,600</u>

Capital Budget

Fiscal Years 2010-2011 and 2011-2012

	<u>TOTAL</u>	<u>STATE</u>	<u>BONDS</u>	<u>FEDERAL</u>	<u>OTHER</u>
2010-2011 Additional Projects:					
Wacker Chemie AG - Bradley Co.	\$ 34,600,000	\$ 5,200,000	\$ 29,400,000	\$ 0	\$ 0
Electrolux - Shelby Co.	97,000,000	20,000,000	77,000,000	0	0
Total 2010-2011	\$ 131,600,000	\$ 25,200,000	\$ 106,400,000	\$ 0	\$ 0
2011-2012 Capital Projects:					
Economic Development Projects	\$ 50,000,000	\$ 6,000,000	\$ 44,000,000	\$ 0	\$ 0
Cates Landing - NW TN Port Authority	20,000,000	7,000,000	0	13,000,000	0
Total Economic Development	\$ 70,000,000	\$ 13,000,000	\$ 44,000,000	\$ 13,000,000	\$ 0
Other Projects:					
Correction	\$ 33,480,000	\$ 0	\$ 0	\$ 0	\$ 33,480,000
Education	6,120,000	620,000	5,500,000	0	0
Environment and Conservation	7,470,000	2,770,000	4,700,000	0	0
Higher Education Capital Maintenance	54,700,000	9,100,000	45,600,000	0	0
Statewide Capital Maintenance	23,677,500	17,652,500	3,800,000	2,225,000	0
Other Projects	2,600,000	1,857,500	0	742,500	0
Total Other Projects	\$ 128,047,500	\$ 32,000,000	\$ 59,600,000	\$ 2,967,500	\$ 33,480,000
Total 2011-2012	\$ 198,047,500	\$ 45,000,000	\$ 103,600,000	\$ 15,967,500	\$ 33,480,000
Grand Total 2010-2011 and 2011-2012	\$ 329,647,500	\$ 70,200,000	\$ 210,000,000	\$ 15,967,500	\$ 33,480,000

FEWER STATE EMPLOYEES, SMALLER PAYROLL

Full-Time Employees



Authorized Positions Comparison

Fiscal Years 2010-2011 and 2011-2012

	2010-2011	2011-2012			
		Base			
	<u>Estimated</u>	<u>Inc/(Dec)</u>	<u>Improvements</u>	<u>Recommended</u>	<u>Change</u>
Total State Agencies	<u>46,188</u>	<u>(1,332)</u>	<u>152</u>	<u>45,008</u>	<u>(1,180)</u>
Full-Time	43,971	(1,297)	151	42,825	(1,146)
Part-Time	1,619	(34)	0	1,585	(34)
Seasonal	598	(1)	1	598	0

Authorized Positions Change

by Filled and Vacant Status
Fiscal Year 2011-2012

	<u>Filled</u>	<u>Vacant</u>	<u>Total</u>
Base Budget:			
2010-2011 Non-Recurring	(330)	(309)	(639)
2011-2012 Core Services Not Retained	(91)	(161)	(252)
Sub-Total Non-Recurring *	<u>(421)</u>	<u>(470)</u>	<u>(891)</u>
2011-2012 Base Reductions *	(135)	(220)	(355)
2011-2012 Base Adjustments and Reallocations *	(42)	(44)	(86)
Total Base Budget	<u>(598)</u>	<u>(734)</u>	<u>(1,332)</u>
2011-2012 Program Increases	23	129	152
Grand Total	<u><u>(575)</u></u>	<u><u>(605)</u></u>	<u><u>(1,180)</u></u>

* 87 percent of abolished positions are non-recurring or vacant.

“...reductions focused in administrative areas rather than direct services.”

»» Operating grant for the Memphis Research Consortium for collaboration in research and strategy in medical fields

»» Aggressively deal with meth production and use

»» Average reduction of 2.5% for state agencies

»» Focus on removing administrative costs, not programs

“...to our state employees, thank you for your services to our people.”

- » Salary increase of 1.6 percent
- » Step raises for assistant district attorneys, public defenders and Tennessee Highway Patrol
- » Monthly state match of \$50 for 401(k) plans



EDUCATION: Where we want to be.

“...having great teachers in the classroom and great principals in the school are the key.”

Tenure reform to recognize and reward the best

Funding of the Basic Education Program (BEP)

Data-driven assessments



EDUCATION

Extend HOPE
scholarship
into summer terms

Improved retention,
graduation in higher ed.

More
latitude
to create
Charter
Schools

Increase
percentage
of college graduates

“...provide a well educated workforce to compete for quality jobs.”

Focusing
ECD resources
on jobs across
the state

Transforming
investment in
research into
private sector
partnerships

Tort reform improvements
to be competitive with
surrounding states



HOW WE GET THERE

“...making government more responsive; delivering excellent service”

» Rebuild our reserves

» Rules and Regulations that keep the customer in mind

» Review the 140 Boards and Commissions

» Budget for outcomes, not for funding a program

HOW WE GET THERE

- »» Find efficiencies in procurement, Information Technology
- »» Determine appropriate number of state agencies
- »» Paperwork reduction for teachers, customers, and public
- »» Take charge of own health, live a healthy lifestyle
- »» Make sure pension plan and health care premiums remain fiscally sound.

“ This isn't necessarily the easiest time to govern, but I know that all of us in this room ran for office so we could make a difference. ”

- Governor Bill Haslam

JOIN THE CONVERSATION

TN.gov/Governor

